

RESOLUTION NO. 01-39

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY TO FACILITATE
THE SINGLE FAMILY HOUSING PROGRAM OF THE AGENCY AND THE
MULTIFAMILY HOUSING PROGRAM OF THE AGENCY BY AMENDING RESOLUTION
NO. 01-04 AND RESOLUTION NO. 01-05 TO AUTHORIZE THE ISSUANCE OF BONDS
UNDER A NEW FORM OF "DRAW DOWN" INDENTURE

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for providing financial assistance to persons and families of low or moderate income to enable them to purchase moderately priced single family residences;

WHEREAS, the Agency has determined that it is in the public interest for the Agency to provide such financial assistance by means of ongoing programs to make lower-than-market-rate loans for the permanent financing of such residences;

WHEREAS, the Agency has determined that there exists a need in California for the financing of mortgage loans for the construction or development of multi-unit rental housing developments for the purpose of providing housing for persons and families of low or moderate income;

WHEREAS, the Agency has determined that it is in the public interest for the Agency to provide such financial assistance by means of an ongoing program (together with the programs described in the second WHEREAS clause of this resolution, the "Program") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, for the purpose of financing such developments; and

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the California Health and Safety Code, the Agency has the authority to issue bonds (including notes and other evidences of indebtedness) to provide sufficient funds to finance the Program;

WHEREAS, on January 11, 2001 the Agency adopted its Resolution No. 01-04 and its Resolution No. 01-05 authorizing the issuance of bonds to provide funds to finance the Program;

WHEREAS, the Agency has determined that in order to provide additional funds to finance the Program it is in the public interest to authorize additional bonds to be issued pursuant to a proposed form of transaction generally referred to as a draw down program;

WHEREAS, the bonds proposed to be issued by the Agency under the draw down program are to be limited obligations of the Agency payable solely from certain amounts on deposit under the indenture relating thereto; and

WHEREAS, the Agency now desires to amend Resolution No. 01-04 and Resolution No. 01-05 to authorize the issuance of the draw down bonds and to approve a new form of indenture under which the Agency may issue such bonds;

NOW, THEREFORE, BE IT RESOLVED, by the California Housing Finance Agency as follows:

Section 1. Approval and Authorization of Draw Down Bonds. In order to authorize the issuance of one or more series of draw down bonds:

(A) Section 1 of Resolution No. 01-04 is hereby amended to move the word “and” from immediately before subsection (c) thereof to immediately after such subsection (c) and to add thereafter a new subsection (d) to read as follows:

“(d) if and to the extent one or more of such series of Bonds is issued pursuant to a draw down indenture in the form approved by Section 3(i) hereof, \$500,000,000”; and

(B) Section 1 of Resolution No. 01-05 is hereby amended to move the word “and” from immediately before subsection (d) thereof to immediately after such subsection (d) and to add thereafter a new subsection (e) to read as follows:

“(e) if and to the extent one or more of such series of Bonds is issued pursuant to a draw down indenture in the form approved by Section 3(a)(18) hereof, \$100,000,000”.

Section 2. Authorization and Timing. In order to authorize the time or times for the issuance of draw down bonds:

(A) Section 2 of Resolution No. 01-04 is hereby amended to add a phrase to the end of said section to read as follows:

“; provided further that for purposes of this section Bonds of the type and up to the amount specified in Section 1(d) of this resolution issued pursuant to the same indenture shall be deemed to be issued on the first date on which any of such Bonds are sold by the Agency”; and

(B) Section 2 of Resolution No. 01-05 is hereby amended to add a phrase to the end of said section to read as follows:

“; and provided further that for purposes of this section Bonds of the type and up to the amount specified in Section 1(e) of this resolution issued pursuant to the same indenture shall be deemed to be issued on the first date on which any of such Bonds are sold by the Agency”.

Section 3. Approval of Draw Down Bond Indenture. In order to authorize the execution and delivery of one or more indentures providing for the issuance of and securing draw down bonds:

(A) Section 3 of Resolution No. 01-04 is hereby amended to move the words “and/or” from immediately before subsection (h) thereof to immediately after such subsection (h) and to add thereafter a new subsection (i) to read as follows:

“(i) the form of draw down bond indenture presented to the November 8, 2001 meeting of the Agency”; and

(B) Section 3 of Resolution No. 01-05 is hereby amended to move the word “or” from immediately before subsection (a)(17) thereof to immediately after such subsection (a)(17) and to add thereafter a new subsection (a)(18) to read as follows:

“(a)(18) the form of draw down bond indenture presented to the November 8, 2001 meeting of the Agency”.

Section 4. Ratification of Prior Actions. All actions previously taken by the officers of the Agency in connection with the issuance of draw down bonds are hereby approved and ratified.

SECRETARY'S CERTIFICATE

I, Thomas C. Hughes, Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of Resolution 01-39 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 8th day of November, 2001, of which meeting all said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES:

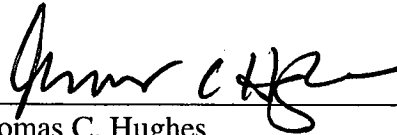
NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this 8th day of November, 2001.

[SEAL]



Thomas C. Hughes
Secretary of the Board of Directors
of the California Housing Finance Agency

SECRETARY'S CERTIFICATE

I, Thomas C. Hughes, Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of the Resolution 01-39 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 8th day of November, 2001, of which meeting all said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this ____ day of _____, _____.

[SEAL]

Thomas C. Hughes
Secretary of the Board of Directors
of the California Housing Finance Agency

CALIFORNIA HOUSING FINANCE AGENCY

AND

[NAME OF TRUSTEE],
as Trustee

TRUST INDENTURE

Dated as of January 1, 2002

Pertaining to:

CALIFORNIA HOUSING FINANCE AGENCY
SINGLE FAMILY MORTGAGE REVENUE BONDS,
DRAW DOWN SERIES 2002

and

CALIFORNIA HOUSING FINANCE AGENCY
MULTIFAMILY MORTGAGE REVENUE BONDS,
DRAW DOWN SERIES 2002

TABLE OF CONTENTS

Page

ARTICLE I	DEFINITIONS	3
	Section 1.01. Definitions	3
	Section 1.02. Interpretations	8
	Section 1.03. Content of Certificate and Opinions	9
ARTICLE II	THE BONDS	10
	Section 2.01. Authorization of Bonds; Security	10
	Section 2.02. Issuance of Bonds; Additional Drawings	11
	Section 2.03. Execution of Bonds	12
	Section 2.04. Delivery of Bonds	13
	Section 2.05. Temporary Bonds	14
	Section 2.06. Bonds Mutilated, Lost, Destroyed or Stolen	14
	Section 2.07. Registration and Exchange of Bonds; Persons Treated as Owners	14
	Section 2.08. Destruction of Bonds	15
	Section 2.09. Book-Entry Only System	15
	Section 2.10. Payments to Cede & Co.	16
	Section 2.11. Validity of Bonds	17
ARTICLE III	REDEMPTION	17
	Section 3.01. Optional Redemption	17
	Section 3.02. Notice of Redemption	17
	Section 3.03. Redemption Payments	18
	Section 3.04. Cancellation	18
	Section 3.05. Partial Redemption of Bonds	18
	Section 3.06. Effect of Redemption	18
ARTICLE IV	FLOW OF FUNDS	18
	Section 4.01. Creation of Funds	18
	Section 4.02. Bond Escrow Fund	19
	Section 4.03. Cost of Issuance Fund	19
	Section 4.04. Rebate Fund	20
	Section 4.05. Investment of Moneys in Funds	20
ARTICLE V	PARTICULAR COVENANTS	21
	Section 5.01. Punctual Payment	21
	Section 5.02. Extension of Payment of Bonds	21

TABLE OF CONTENTS

(continued)

	Page
Section 5.03. No Other Encumbrances	22
Section 5.04. Power to Issue Bonds and Make Pledge and Assignment	22
Section 5.05. Payment of Taxes and Claims	22
Section 5.06. Accounting Records and Financial Statements	22
Section 5.07. Maintenance of Powers	22
Section 5.08. Tax Covenants	23
Section 5.09. Compliance with Indenture, Contracts, Laws and Regulations	23
Section 5.10. Waiver of Laws	23
Section 5.11. Further Assurances	23
ARTICLE VI EVENTS OF DEFAULT AND REMEDIES OF OWNERS	23
Section 6.01. Events of Default	23
Section 6.02. Acceleration of Maturity	24
Section 6.03. Application of Revenues and Other Funds After Default	24
Section 6.04. Trustee to Represent Owners	25
Section 6.05. Owners' Direction of Proceedings	26
Section 6.06. Limitation on Owners' Right to Sue	26
Section 6.07. Absolute Obligation of Agency	27
Section 6.08. Termination of Proceedings	27
Section 6.09. Remedies Not Exclusive	27
Section 6.10. No Waiver of Default	27
ARTICLE VII THE TRUSTEE	27
Section 7.01. Duties, Immunities and Liabilities of Trustee	27
Section 7.02. Compensation	30
Section 7.03. Liability of Trustee	30
Section 7.04. Right of Trustee to Rely on Documents	31
Section 7.05. Preservation and Inspection of Documents	31
Section 7.06. Money Held in Trust	32
ARTICLE VIII MODIFICATION OR AMENDMENT OF THE INDENTURE	32
Section 8.01. Amendments Permitted	32
Section 8.02. Effect of Supplemental Indenture	34
Section 8.03. Endorsement of Bonds; Preparation of New Bonds	34

TABLE OF CONTENTS
(continued)

	Page
Section 8.04. Amendment of Particular Bonds	34
ARTICLE IX DEFEASANCE	34
Section 9.01. Discharge of Indenture	34
Section 9.02. Discharge of Liability on Bonds	35
Section 9.03. Deposit of Money or Securities with Trustee.....	35
Section 9.04. Payment of Bonds After Discharge of Indenture	36
ARTICLE X MISCELLANEOUS.....	36
Section 10.01. Liability of Agency Limited to Trust Estate	36
Section 10.02. Successor is Deemed Included in All References to Predecessor.....	36
Section 10.03. Limitation of Rights to Parties and Owners	36
Section 10.04. Waiver of Notice	37
Section 10.05. Destruction of Bonds.....	37
Section 10.06. Severability of Invalid Provisions	37
Section 10.07. Notices.....	37
Section 10.08. Evidence of Rights of Owners	37
Section 10.09. Disqualified Bonds	38
Section 10.10. Money Held for Particular Bonds	38
Section 10.11. Funds	38
Section 10.12. Waiver of Personal Liability	38
Section 10.13. Execution in Several Counterparts.....	38
Section 10.14. Payments Other Than on a Business Day	39
EXHIBIT A FORM OF BOND	A-1
EXHIBIT B FORM OF NOTICE OF AN ADDITIONAL DRAWING UNDER THE BONDS.....	B-1

TRUST INDENTURE

THIS TRUST INDENTURE, made and entered into as of January 1, 2002, by and between the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California (the "Agency") and [NAME OF TRUSTEE], as trustee (the "Trustee"),

WITNESSETH:

WHEREAS, the Agency has been created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (constituting Division 31 of the Health and Safety Code of the State of California), as amended (as more particularly described herein, the "Act"), primarily for the purpose of assisting in meeting the housing needs of persons and families of low or moderate income;

WHEREAS, the Agency has determined to borrow money for its lawful purposes and to that end has duly authorized the issuance of its revenue bonds hereunder, and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, and the observance of the covenants and conditions herein contained, has authorized the execution and delivery of this Indenture;

WHEREAS, the Agency previously has issued its single family mortgage revenue bonds to finance home mortgages, in each case, made to finance the acquisition or improvement of owner-occupied single family homes located within the jurisdiction of the Agency to be occupied by persons of low and moderate income (the "Prior Bonds");

WHEREAS, to provide funds to refund the maturing principal or redemption price, as the case may be, of portions of the Prior Bonds and to preserve allocations of volume cap allocated to the Agency by the State of California, the Agency has determined that it is in the public interest to issue its Single Family Mortgage Revenue Bonds, Draw Down Series 2002 (the "Single Family Bonds") in an aggregate principal amount of not to exceed \$_____;

WHEREAS, to preserve additional allocations of volume cap allocated to the Agency by the State of California, the Agency has determined that it is in the public interest to issue its Multifamily Mortgage Revenue Bonds, Draw Down Series 2002 (the "Multifamily Bonds" and, together with the Single Family Bonds, the "Bonds") in an aggregate principal amount of not to exceed \$_____;

WHEREAS, as a result of the aforesaid refundings, certain moneys will be made available (the "Transferred Proceeds"), which Transferred Proceeds, together with moneys made available by the issuance of Bonds to preserve allocations of volume cap allocated to the Agency by the State of California, will be deposited in the Bond Escrow Fund as security for the Bonds; and

WHEREAS, the Agency expects to issue single family mortgage revenue bonds on or before _____, 200_ [date not more than 4 years after date of issuance] for the purpose of refunding the Single Family Bonds and thereby further implementing its single family mortgage revenue bond program; and

WHEREAS, the Agency expects to issue multifamily mortgage revenue bonds on or before _____, 200_ [date not more than 4 years after date of issuance] for the purpose of refunding the Multifamily Bonds and thereby further implementing its multifamily mortgage revenue bond program; and

WHEREAS, the Agency has determined that all acts, conditions and things required by the Act, and by all other laws of the State of California, to exist, to have happened and to have been performed precedent to and in connection with the issuance of said revenue bonds exist, have happened, and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to issue said revenue bonds for the purpose, in the manner and upon the terms herein provided; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence of only such acceptance and such other obligations as expressly provided herein has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

The Agency, in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the Owners thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, and in order to secure the payment of all the Bonds at any time issued and Outstanding hereunder and the premium, if any, and interest thereon according to their tenor, purpose and effect, and in order to secure the performance and observance of all the covenants, agreements and conditions therein and herein contained, has executed and delivered this Indenture and has pledged and assigned and does hereby pledge and assign to, and grant a security interest to, the Trustee and its successors in trust forever, for the securing of the performance of the obligations of the Agency hereinafter set forth, all right, title and interest of the Agency, now or hereafter acquired, in and to the following:

I

The Investment Agreement (as defined below), together with any permitted extensions and renewals thereof, including, without limitation, the present and continuing right to make claim for, collect and receive any of the income and principal payable thereunder, whether payable as scheduled therein or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, including actions for the receipt or disposition of any collateral held thereunder, and to do any and all things which the Agency is or may become entitled to do thereunder, excluding all amounts deposited to the Cost of Issuance Fund and the Rebate Fund and amounts required to be deposited therein;

II

All other moneys and obligations to the extent pledged as provided in this Indenture and held pursuant to this Indenture as security for the payment of the Bonds, including the principal of, premium, if any, and the interest on the Bonds, and as security for the satisfaction of any other obligation assumed by the Agency in connection with the Bonds, excluding all amounts deposited to the Cost of Issuance Fund and the Rebate Fund and amounts required to be deposited therein; and

III

All proceeds of any of the foregoing pledged to the Bonds.

TO HAVE AND TO HOLD all and singular the Trust Estate as set forth above, whether now owned or hereafter acquired, to the Trustee and its successors in trust and assigns forever to its and their proper use;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and ratable benefit, security and protection of all present and future Owners of the Bonds issued and to be issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise (except as herein expressly provided) of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if, after the rights, title and interest of the Trustee in and to the estate pledged and assigned to it under this Indenture shall have ceased, terminated and become void with respect to the Bonds in accordance with Article IX hereof, then this Indenture and all covenants, agreements and other obligations of the Agency hereunder shall cease, terminate and be void, and thereupon the Trustee shall cancel and discharge this Indenture and execute and deliver to the Agency such instruments in writing as shall be required to evidence the discharge hereof; otherwise, this Indenture shall be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said payments and other revenues and other income and funds hereby pledged and assigned, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Agency has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners of the Bonds, as follows (subject, however, to Section 2.01 hereof):

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture, and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings

herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined herein, all words and phrases defined in the Agreement shall have the same meaning herein.

“Act” means the Zenovich-Moscone-Chacon Housing and Home Finance Act, constituting Division 31 of the Health and Safety Code of the State, and all laws supplementary thereto and amendatory thereof.

“Agency” means California Housing Finance Agency.

“Authorized Denominations” means \$100,000 or any integral multiple of \$1,000 in excess thereof.

“Authorized Officer” means the Chairperson, the Executive Director, a Deputy Director or the Director of Financing of the Agency, any person designated, in writing, by the Chairperson, the Executive Director, a Deputy Director or the Director of Financing as an Authorized Officer, or any other person authorized by resolution of the Agency to act as an Authorized Officer hereunder.

“Bond Counsel” means Orrick, Herrington & Sutcliffe LLP, or another attorney(s) or firm(s) of attorneys selected by the Agency experienced in the field of tax-exempt housing revenue bonds, and whose legal opinions with respect to such bonds are acceptable in national bond markets.

“Bond Escrow Fund” means the Fund by that name established pursuant to Section 4.01.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated January __, 2002, between the Agency and the Initial Owner, as purchaser of the Bonds, as the same may be supplemented or amended from time to time in accordance with its terms.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which banking institutions located in the city in which an applicable corporate trust office of the Trustee is located, are required or are authorized by law or executive order to close, or (c) a day on which the New York Stock Exchange is closed.

“Certificate,” “Statement,” “Request,” “Requisition” and “Order” of the Agency mean, respectively, a written certificate, statement, request, requisition or order executed by an Authorized Officer of the Agency. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03, each such instrument shall include the statements provided for in Section 1.03.

“Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings applicable thereto.

"Cost of Issuance Fund" means the Fund by that name established pursuant to Section 4.01.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency and related to the authorization, issuance, sale, delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees and charges of the Trustee (including reasonable fees of its legal counsel), legal fees and charges (including those of bond counsel, special counsel and underwriters' counsel), fees and disbursements of consultants and professionals, including arbitrage rebate analysts, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds and any other cost, charge or fee in connection with the Bonds to be paid with moneys deposited in the Cost of Issuance Fund.

"Drawing" means each advance of Bond principal delivered pursuant to this Indenture and the Bond Purchase Agreement in exchange for the proceeds thereof.

"DTC" means The Depository Trust Company, New York, New York.

"DTC Participants" means a broker, dealer, bank, other financial institution or other Person for whom from time to time DTC effects book-entry transfers and pledges of securities deposited with DTC.

"Event of Default" or "Default" means any event of default specified in Section 6.01.

"Fund" or "Account" means any of the funds or accounts established pursuant to this Indenture.

"Governmental Obligations" means obligations (including obligations issued or held in book-entry form on the books of the United States Treasury Department or the Federal Reserve System) of the United States of America or obligations as to which the timely payment of the principal thereof and interest thereon is fully guaranteed by the United States of America.

"Indenture" means this Trust Indenture dated as of January 1, 2002 by and between the Agency and the Trustee, as originally executed and as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

"Initial Owner" means Merrill Lynch Portfolio Management Inc., as initial beneficial owner of all of the Bonds.

"Interest Payment Date" means the first calendar day of each month, commencing March 1, 2002.

"Investment Agreement" means the Investment Agreement dated January ____, 2002, entered into between the Trustee and _____, and any other investment agreement substituted therefor with the approval of the Initial Owner.

"Investment Obligations" means any of the following which at the time of investment are legal investments under the laws of the State for moneys held hereunder: (i) Governmental Obligations or mutual funds rated "AAAm" or "AAAm-G" by S&P and fully secured by Government Obligations; (ii) bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following federal agencies: Federal Home Loan Mortgage Corporation (senior debentures only), GNMA, FNMA, Federal Home Loan Banks; (iii) master repurchase agreements with entities whose short term unsecured debt is rated "A-1 +" by S&P and which agreements are secured by Governmental Obligations which have a fair market value of 102% of the cash paid for such investment; (iv) the following investments, so long as such investments are fully insured by the Federal Deposit Insurance Corporation: certificates of deposit, savings accounts, deposit accounts or depository receipts having original maturities of not more than 365 days of federally or state chartered banks or trust companies (including the Trustee or affiliates thereof), savings and loan associations and mutual savings banks with capital surplus and undivided profits of not less than \$125,000,000, provided the unsecured obligations of any such institution are rated "A-1 +" short term or better by S&P; (v) the Investment Agreement; (vi) units of a money market fund which at the time of investment is rated "AAA"/"A-1+" by S&P; and (vii) any other investment authorized by the Act and approved, in writing, by the Initial Owner.

"Letter of Representations" means the Blanket Letter of Representations from the Agency to DTC with respect to the Bonds.

"Maturity Date" means _____, 200_ [date not more than 4 years after date of issuance].

"Maximum Rate" means fifteen percent (15%) per annum.

"Notice Address" means:

(A) As to the Agency:

California Housing Finance Agency
1121 L Street, 7th Floor
Sacramento, CA 95814
Attention: Director of Financing

(B) As to the Trustee:

[NAME OF TRUSTEE]
550 South Hope Street, 5th Floor
Los Angeles, CA 90071
Attention: Corporate Trust c/o Ashraf Almurdaah
Reference: California Housing Finance Agency
Telephone: (213) 533-8706
Facsimile: (213) 533-8777

(C) As to the Initial Owner:

Merrill Lynch Portfolio Management Inc.
World Financial Center
North Tower, 9th Floor
New York, NY 10281
Attention: Edward J. Sisk
Telephone: (212) 449-9938
Facsimile: (212) 449-7174

Merrill Lynch Portfolio Management Inc.
350 S. Grand Avenue, Suite 2830
Los Angeles, CA 90071
Attention: _____
Telephone: _____
Facsimile: (213) 217-4530

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 10.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Agency shall have been discharged in accordance with Section 9.02, including Bonds (or portions of Bonds) referred to in Section 10.10; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture. Subject to the foregoing, each Bond shall be considered to be Outstanding in a principal amount equal to such amount as has been drawn down by the Agency with respect thereto as reflected by the Schedule of Drawings attached thereto or maintained by the Trustee, and not theretofore redeemed as reflected by the Schedule of Redemptions attached thereto or transferred as provided in Section 2.07.

“Owner”, “Holder”, “Bondowner” or “Bondholder” means the person in whose name a Bond is registered on the registration books maintained by the Trustee.

“Permitted Investments” means the following investment obligations, provided such obligations at the time of investment are legal obligations under the laws of the State:

- (A) Investment Obligations; or
- (B) with respect to the investment of any moneys deposited in the Cost of Issuance Fund or the Rebate Fund, any other investment permitted by law for the investment of the Agency’s funds.

“Person” means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Prior Bonds" means any single family mortgage revenue bonds previously issued by the Agency.

"Prior Trustee" means, collectively, the trustees with respect to Prior Bonds.

"Rate Period" means the period from and including each Interest Payment Date to but excluding the immediately succeeding Interest Payment Date; provided, however, that the initial Rate Period shall commence on February 1, 2002.

"Rate Setting Date" means the date upon which the Trustee shall establish the interest rate on the Bonds for the immediately succeeding Rate Period, which date shall be January 30, 2002, and thereafter the second Business Day immediately preceding each Interest Payment Date, commencing in February, 2002.

"Rebate Amount" means, with respect to the Bonds, the amount defined in Treasury Regulation Section 1.148-3 and the Tax Certificate.

"Rebate Fund" means the Fund by that name established pursuant to Section 4.01.

"Record Dates" means the Business Day immediately preceding an Interest Payment Date, provided that with respect to overdue interest or interest due on any overdue amount or on other than a regular Interest Payment Date, the Trustee may establish a special record date of not more than 15 days before the date set for payment.

"S&P" means Standard & Poor's, a division of the McGraw-Hill Companies, Inc., its successors and assigns.

"Schedule of Drawings," with respect to any series of Bonds, means the schedule attached to such Bonds reflecting the date and amount of each Drawing made by the Agency under such Bonds.

"Schedule of Redemptions," with respect to any series of Bonds, means the schedule attached to such Bonds reflecting the date and amount of each redemption made by the Agency under such Bonds.

"State" means the State of California.

"Supplemental Indenture" means any indenture hereafter duly authorized under and in compliance with the Act and this Indenture, and entered into between the Agency and the Trustee, which supplements, modifies or amends this Indenture.

"Tax Certificate" means the tax certificates of the Agency with respect to the Bonds, as the same may be supplemented or amended from time to time in accordance with their terms.

"Taxable Interest Rate" means a rate equal to the per annum rate for deposits in United States dollars for one month which appears on the Bloomberg LIBOR Page LIUS01M INDEX HP<GO> at 12:00 Noon Eastern Time on the Rate Setting Date.

"Tax-exempt Interest Rate" means a rate equal to the per annum rate for deposits in United States dollars for one month determined by reference to the PSA Municipal Swap Index published by Municipal Market Data (such index having been renamed the "BMA Municipal Bond Index"); provided that if Municipal Market Data no longer publishes such index or fails or is unable to make available such index for any Rate Setting Date, such rate shall be determined by reference to such other index as is mutually agreed upon by the Agency and the Initial Owner.

"Transferred Proceeds" means amounts received from the Prior Trustee which are deposited in the Bond Escrow Fund pursuant to Section 4.02 hereof.

"Trust Estate" means all rights set forth in the Granting Clauses hereof.

"Trustee" means [NAME OF TRUSTEE], having a corporate trust office in Los Angeles, California, or its successor, as Trustee hereunder as provided in Section 7.01.

"Trustee Fees" means the initial acceptance fee (\$ _____), the initial and future annual administrative fee (\$ _____), and subsequent Draw Down Fee (\$ _____ each).

Section 1.02. Interpretations.

(A) (1) the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer to this Indenture, and the term "heretofore" means before, and the term "hereafter" means after, the date of this Indenture;

(2) words of the masculine gender mean and include correlative words of the feminine and neuter genders, and words importing the singular number mean and include words importing the plural number, and vice versa;

(3) any headings preceding the text of the several Articles and Sections of this Indenture, and any table of contents, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(4) this Indenture shall be governed by and construed in accordance with the applicable laws of the State;

(5) words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption include the payment of such Bond at its stated maturity; and words importing the paying or redemption of Bonds shall include words importing the paying or redemption of portions of Bonds;

(6) references to the payment of the Bonds shall be deemed to include references to the payment of interest thereon; and

(7) any moneys, documents, securities, obligations or other items received by the Trustee for the account of the Agency pursuant to the terms of this Indenture,

other than as compensation for services or reimbursement for expenses, shall be deemed to have been received by the Agency.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Agency, the Trustee and the Owners of the Bonds any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof. All covenants, stipulations, promises and agreements herein contained by and on behalf of the Agency and the Trustee, subject to Section 10.02, shall be for the sole and exclusive benefit of the Agency, the Trustee, the Initial Owner and the Owners of the Bonds.

Section 1.03. Content of Certificate and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (4) a statement as to whether, in the opinion of such person, such provision has been complied with; and (5) a statement that such person is authorized to execute and deliver such opinion or certificate.

Any such certificate or opinion made or given by an officer of the Agency or the Trustee may be based, insofar as it relates to legal, accounting or program matters, upon a certificate or opinion of or representation by counsel, accountant or program consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, accountant or program consultant may be based insofar as it relates to factual matters (with respect to which information is in the possession of the Agency or the Trustee) upon a certificate or opinion of or representation by an officer of the Agency or the Trustee, unless such counsel, accountant or program consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representations may be based, as aforesaid, is erroneous. The same officer of the Agency or the Trustee, or the same counsel, accountant or program consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants or program consultants may certify to different matters, respectively.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds; Security. The Agency hereby authorizes the issuance of two series of bonds to be designated as "California Housing Finance Agency

Single Family Mortgage Revenue Bonds, Draw Down Series 2002" and "California Housing Finance Agency Multifamily Mortgage Revenue Bonds, Draw Down Series 2002". The Bonds and the form of authentication and assignment to appear thereon shall be substantially in the form of Exhibit A hereto. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The Bonds initially shall be issued as a single draw down Bond for each series. The Single Family Bonds shall have a maximum principal amount of \$_____ with a maximum amount Outstanding at any time of \$_____ and the Multifamily Bonds shall have a maximum principal amount of \$_____ with a maximum amount Outstanding at any time of \$_____; provided, however, that the principal amount due on any series of Bonds shall be only such amount as has been drawn down by the Agency as reflected by the Schedule of Drawings with respect to such Bonds and not theretofore redeemed as reflected by the Schedule of Redemptions with respect to such Bonds, which schedules are attached to the initial Bonds as Schedule A, as confirmed by the Trustee on the copy of such Schedule A maintained by the Trustee. Such maintenance of a Schedule A by the Trustee may be satisfied through maintenance by the Trustee of its record-keeping systems for the registered ownership of the Bonds. Interest on any series of Bonds shall accrue only on such principal amount as has been actually drawn by the Agency with respect to such Bonds, as reflected on the Schedule of Drawings with respect to such Bonds maintained by the Trustee, and not theretofore redeemed, as reflected by the Schedule of Redemptions with respect to such Bonds maintained by the Trustee. Interest on the Bonds shall be payable on each Interest Payment Date. The Bonds shall be payable from, and secured on a parity with each other without preference or priority of one Bond over another by, the Trust Estate as provided in this Indenture. The Bonds shall be issued initially in the form of a single certificate fully registered Bond numbered R-1 and may be in typewritten form. Upon the written request of the Initial Owner and upon the written approval of the Agency in its sole and absolute discretion, the initial Bonds may be made exchangeable for Bonds of the same series of other Authorized Denominations to permit transfer or exchange pursuant to Section 2.07 hereof.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY AND WILL BE PAYABLE SOLELY FROM, AND SECURED BY A PLEDGE OF, THE TRUST ESTATE. THE BONDS ARE NOT A LIEN OR CHARGE UPON THE FUNDS OR PROPERTY OF, OR A DEBT OR LIABILITY OF, THE AGENCY, EXCEPT TO THE EXTENT OF THE REVENUES AND OTHER ASSETS PLEDGED THEREFOR UNDER THIS INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LOS ANGELES, THE COUNTY OF ORANGE, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION THEREOF HAS BEEN PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS. THE AGENCY HAS NO TAXING POWER.

Section 2.02. Issuance of Bonds; Additional Drawings.

(a) The Bonds shall bear interest during the initial Rate Period at the rate per annum of _____% payable on March 1, 2002. Subsequent to the initial Rate Period the Bonds shall bear interest during each succeeding Rate Period on the aggregate principal amount Outstanding or, in the case of the Multifamily Bonds, any portion thereof relating to a Drawing at the interest rate (rounded, if necessary, to the nearest one-hundredth of one percent) determined by the Trustee on the related Rate Setting Date (i) in the case of Single Family

Bonds, to be equal to the Tax-exempt Interest Rate plus ____%; provided, however, that such interest rate shall not be less than 83% of the Taxable Interest Rate and shall not exceed the lesser of (x) 90% of the Taxable Interest Rate and (y) the Maximum Rate; and (ii) in the case of Multifamily Bonds in accordance with the provisions of the Bond Purchase Agreement. Interest on the Bonds shall be payable on each Interest Payment Date. Interest on the Bonds for each Rate Period shall be calculated on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed. The Trustee shall on each Rate Setting Date determine the Tax-exempt Interest Rate and the Taxable Interest Rate on the basis of the information available to it, and give notice of such rate in writing to the Initial Owner and the Agency.

(b) The Bonds shall be issued as fully registered bonds in Authorized Denominations and shall be dated as of the date of authentication and delivery of the initial Bond. Each Drawing shall bear interest from its date.

(c) The principal of and interest on the Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on the Bonds shall be transmitted by wire transfer in immediately available funds to the registered owners (as they appear on the registration books maintained by the Trustee as of the close of business on the applicable Record Date, pursuant to Section 2.07 hereof) to the bank account number on file with the Trustee as of the Record Date; provided, however, that interest on Bonds which are no longer registered as book-entry only pursuant to Section 2.09 hereof shall be payable by check mailed to the registered owner in the name and at the address appearing on the registration books of the Trustee on the Record Date or at such other address furnished in writing to the Trustee by the registered owner on or before the Record Date. Principal of the Bonds shall be payable upon presentation and surrender thereof at the payment office of the Trustee in St. Paul, Minnesota or any successor thereto; provided, however, that so long as the Bonds of each series are represented by a single bond as initially issued pursuant to Section 2.01 hereof the principal of the Bonds payable upon a partial redemption pursuant to Section 3.01 hereof shall be paid by the Trustee to the registered owner thereof without the necessity of any presentation and surrender and the Trustee shall enter the date and amount of such redemption on the Schedule of Redemptions with respect to such Bonds maintained by the Trustee.

(d) An initial Drawing under the Single Family Bonds in the amount of \$_____ shall be made on February 1, 2002. So long as there is not continuing an uncured Event of Default hereunder and provided that Drawings on the Single Family Bonds and the Multifamily Bonds may not be made on the same day, the Agency may make additional Drawings under the Multifamily Bonds on any Interest Payment Date and under the Single Family Bonds on any Interest Payment Date prior to January 1, 2003, in any case upon delivery of written notice to the Trustee and the Initial Owner and any transferee of the Initial Owner whose name and address has been supplied, in writing, to the Agency and the Trustee by the Initial Owner not less than two (2) Business Days prior to the date of such Drawing, which notice, substantially in the form attached hereto as Exhibit B, shall provide the following:

(i) the cumulative principal amount of all prior Drawings with respect to the related series of Bonds,

- (ii) the then aggregate principal amount Outstanding of all Bonds of such Series,
- (iii) the principal amount of the requested Drawing,
- (iv) the date of the requested Drawing, which date shall be not less than two (2) Business Days subsequent to the date of the notice,
- (v) a statement to the effect that no Event of Default exists with respect to the Bonds,
- (vi) a description of the Prior Bonds and the principal amounts thereof to be refunded with the proceeds of the Drawing or a statement that such Drawing is being made for the purpose of preserving allocations of volume cap allocated to the Agency by the State of California for the purpose of financing single-family or multifamily housing, as applicable, and
- (vii) [such additional certifications and representations as may be required by Bond Counsel].

(e) Each Drawing shall be effective on the date designated by the Agency upon the Trustee's receipt of immediately available funds from the Initial Owner in the amount of such Drawing; provided, however, that:

(i) with respect to the Single Family Bonds, no additional Drawing shall be made for an amount that (A) together with the cumulative principal amount of all prior Drawings with respect thereto exceeds \$_____ or (B) would cause the aggregate principal amount of all Single Family Bonds Outstanding to exceed \$_____;

(ii) with respect to the Multifamily Bonds, no additional Drawing shall be made for an amount that (A) together with the cumulative principal amount of all prior Drawings with respect thereto exceeds \$_____ or (B) would cause the aggregate principal amount of all Multifamily Bonds Outstanding to exceed \$_____; and

(iii) no additional Drawing shall be made unless the Agency and the Trustee shall have received an opinion of Bond Counsel to the effect that such Drawing will not adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

Section 2.03. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Agency with the manual or facsimile signature of its Executive Director and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of any Authorized Officer of the Agency, other than the officer executing the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer or officers of the Agency before the Bonds so signed or sealed shall have been authenticated or delivered by the Trustee or issued by the

Agency, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Agency as though those who signed and sealed the same had continued to be such officers of the Agency. Any Bond may also be signed and sealed on behalf of the Agency by such persons as at the actual date of execution of such Bond shall be the proper officers of the Agency although at the nominal date of such Bond any such person shall not have been such officer of the Agency.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form hereafter recited, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.04. Delivery of Bonds. Upon the execution and delivery of this Indenture, the Agency shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to the Initial Owner as purchaser thereof as directed by the Agency as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Bonds there shall be filed or deposited with the Trustee at closing:

(a) A copy, duly certified by the Secretary, Assistant Secretary or other Authorized Officer of the Agency of the resolution of the Agency authorizing the issuance of the Bonds and the execution and delivery of this Indenture.

(b) Executed counterparts of the Bond Purchase Agreement.

(c) A request and authorization to the Trustee on behalf of the Agency and signed by an Authorized Officer of the Agency to authenticate and deliver the Bonds in accordance with the resolution authorizing such Bonds.

(d) An opinion of Bond Counsel stating that this Indenture and the Bond Purchase Agreement have been duly executed and delivered by the Agency and, assuming due authorization and execution by the other parties thereto, this Indenture and the Bond Purchase Agreement are valid and binding agreements, enforceable against the Agency in accordance with their terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or similar law affecting the enforcement of creditors' rights generally).

(e) An opinion of Bond Counsel stating that assuming that Drawings are made in accordance with the Indenture, the Bond Purchase Agreement and the Tax Certificate, the Bonds are valid and binding obligations, enforceable against the Agency in accordance with their terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or similar law affecting the enforcement of creditors' rights generally) and that interest on the Bonds is excluded from gross income for federal income tax purposes.

Upon receipt of these documents, the Trustee shall authenticate and deliver the Bonds to, or upon the order of, the Initial Owner as purchaser thereof.

Section 2.05. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds of like series when available for delivery. Any temporary bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Agency, shall be in registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Agency and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. Except for the initial Bonds, if the Agency issues temporary Bonds it will execute and furnish definitive Bonds of like series without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the principal corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal or maturity amount of definitive Bonds of like series of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.06. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Agency, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Agency. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and series in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. In the event any such Bond shall have matured, the Trustee instead of issuing a replacement Bond may pay the same upon receipt of indemnity satisfactory to the Trustee and the Agency.

Section 2.07. Registration and Exchange of Bonds; Persons Treated as Owners. The Agency shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee.

Upon surrender for transfer of any Bond at its payment office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of like series for the aggregate principal amount which the registered owner is entitled to receive. It shall be a condition to any such transfer that the Trustee and the Agency be provided with the name and address of the transferee and a written statement of an authorized representative of the transferor that such transfer is made in conformity with the representations and agreements made by the Initial Owner pursuant to the first paragraph of Section 2 of the Bond Purchase Agreement, and that the Agency deliver, in its sole and absolute discretion, its written consent to the Trustee.

Notwithstanding the foregoing, it is hereby acknowledged that the Trustee shall have no obligation to prevent transfers of interests in the Bonds other than transfers which are required to be registered in the bond register maintained by the Trustee.

All Bonds presented for transfer or exchange (if so required by the Agency or the Trustee), shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by such registered owner's duly authorized attorney. The Trustee shall require payment of a sum sufficient to cover any expenses incurred in making such transfer or exchange, any tax or other governmental charge that may be imposed in relation thereto but may not impose any other service charge or fee. The Agency and the Trustee shall not be required (a) to issue, transfer or exchange any Bonds during a period beginning on the date which is fifteen (15) days prior to the day on which the applicable notice of redemption is given and ending on the redemption date, or (b) to transfer or exchange any Bonds selected, called or being called for redemption or purchase in whole or in part. If the Trustee establishes a special record date, it shall provide notice by first class mail to registered owners of all Bonds Outstanding at least 10 days before such special record date or at such other time and manner as the Trustee may deem appropriate.

New Bonds delivered upon any transfer or exchange shall be valid limited obligations of the Agency, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The person in whose name any Bond is registered shall be deemed the owner thereof by the Agency and the Trustee for all purposes under this Indenture, and any notice to the contrary shall not be binding upon the Agency or the Trustee. All payments of principal or interest on the Bonds shall be made only to or upon the order of the Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sums so paid.

Section 2.08. Destruction of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount thereof represented thereby or for replacement pursuant to Section 2.06 hereof or transfer or exchange pursuant to Section 2.07 hereof, such Bond shall be promptly canceled and periodically destroyed by the Trustee.

Section 2.09. Book-Entry Only System.

(A) The ownership of each Bond shall initially be registered in the name of Cede & Co., as nominee of DTC, in the form of a single typewritten certificate for each maturity.

(B) With respect to the Bonds registered in the name of Cede & Co., as nominee of DTC, the Agency and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC,

Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Bond register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Bond register, of the principal and interest, and premium, if any, with respect to the Bonds.

Notwithstanding any other provision of this Indenture to the contrary, the Agency and the Trustee shall be entitled to treat and consider the person in whose name each Bond is registered in the Bond register as the absolute owner of such Bond for the purpose of payment of the principal and interest, and premium, if any, with respect to the Bonds, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal and interest, and premium, if any, with respect to the Bonds only to or upon the order of the respective Owners, as shown in the Bond register as provided in this Indenture, or their respective agents duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to payment of the principal and interest, and premium, if any, with respect to the Bonds, to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond register, shall receive a Bond certificate evidencing the obligation of the Agency to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the phrase "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(C) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(D) The Agency, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Agency determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

(E) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection (D)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection (C) or subsection (D)(i) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Agency, is willing and able to undertake such functions upon reasonable and customary terms, the Agency is obligated to deliver Bond certificates at the expense of the beneficial owners of the Bonds, as described in this Indenture and the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 2.10. Payments to Cede & Co. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee to DTC, all payments of the principal and interest, and premium, if any, with respect to

such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Letter of Representations.

Section 2.11. Validity of Bonds. The recital contained in the Bonds that they are issued pursuant to the Act shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE III

REDEMPTION

Section 3.01. Optional Redemption. The Bonds are subject to optional redemption in whole or in part at the option of the Agency at any time, on or after the Interest Payment Date in [April, 2002], at a redemption price equal to 100% of the principal amount thereof plus interest accrued to, but excluding, such date of redemption. Optional redemptions shall be in minimum aggregate principal amounts of \$100,000 and integral multiples of \$1,000 in excess of \$100,000. No Drawing shall be optionally redeemed prior to the date 60 days after the date of such Drawing.

Section 3.02. Notice of Redemption. Notice of the call for any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) not more than thirty (30) days and not less than fifteen (15) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Failure to give such notice by mailing to any Bondholder, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Bonds. Any Bondholder owning at least \$1,000,000 in principal amount of the Bonds may request that a second copy of the notice of redemption be sent to a second address provided to the Trustee in writing prior to the Record Date for such redemption. The notice of redemption shall set forth the complete title of the issue (including series designation), CUSIP number (provided such notice may contain a disclaimer as to the accuracy of such numbers) the date of the issue, Bond numbers, maturity, the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds of any maturity then Outstanding shall be called for redemption, the distinctive numbers and letters of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and the place or places of redemption, including the name, address and phone number of a contact person. If applicable, such notice shall provide that redemption of the Bonds is conditioned upon moneys being available for such purpose on the date of redemption.

A second notice of redemption shall be given on the sixtieth (60th) day after the redemption date in the manner required above to the registered owners of redeemed Bonds which have not been presented for payment by such sixtieth (60th) day after the redemption date.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing, whether or not the owner of such Bonds receives the notice.

Section 3.03. Redemption Payments. Not later than the Business Day prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the Bonds or portions thereof called, together with accrued interest thereon to, but excluding, the redemption or purchase date, and expenses in connection with such redemption or purchase. Upon the giving of notice and the deposit of funds for redemption, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption. Unless the Bonds are registered as book-entry only pursuant to Section 2.09 hereof, no payment shall be made by the Trustee upon any Bond or portion thereof called for redemption until such Bond or portions thereof shall have been delivered for payment or cancellation or the Trustee shall have received the items required by Section 2.06 hereof with respect to any mutilated, lost, stolen or destroyed Bond; provided, so long as the Bonds are represented by a single bond as initially issued pursuant to Section 2.01 hereof, the principal of the Bonds payable upon a partial redemption pursuant to Section 3.01 hereof shall be paid by the Trustee to the registered owner thereof without the necessity of any presentation and surrender and the Trustee shall enter the date and amount of such redemption on the Schedule of Redemptions maintained by the Trustee.

Section 3.04. Cancellation. All Bonds which have been redeemed, paid or retired, or received by the Trustee for exchange, shall not be reissued but shall be canceled and destroyed by the Trustee in accordance with Section 2.08 hereof.

Section 3.05. Partial Redemption of Bonds. Upon surrender of any Bond for redemption in part only; the Trustee shall authenticate and deliver to the owner thereof a new Bond in aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Section 3.06. Effect of Redemption. Notice of redemption having been duly given as provided in this Article, and moneys being held by the Trustee for payment of the redemption price of, and interest accrued to the redemption date on, the Bonds so called for redemption on the redemption date designated in such notice, said Bonds shall become due and payable at the redemption price specified in such notice and interest on the Bonds so called for redemption shall cease to accrue. Said Bonds shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said redemption price and accrued interest.

All Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed by the Trustee.

ARTICLE IV

FLOW OF FUNDS

Section 4.01. Creation of Funds. There are hereby created by the Agency and ordered established the following special trust funds and accounts to be held by the Trustee: (1) the Bond Escrow Fund, and the Single Family Bond Escrow Account and Multifamily Bond Escrow Account therein; (2) the Cost of Issuance Fund; and (3) the Rebate Fund.

Section 4.02. Bond Escrow Fund.

(a) The immediately available funds received by the Trustee in the amount of each Drawing under the Single Family Bonds shall be deposited by the Trustee on the date of such Drawing in the Single Family Bond Account in the Bond Escrow Fund. The immediately available funds received by the Trustee in the amount of each Drawing under the Multifamily Bonds shall be deposited by the Trustee on the date of such Drawing in separate subaccounts of the Multifamily Bond Account in the Bond Escrow Fund, which subaccounts are hereby created and ordered established and which shall be designated as the "Multifamily Bond _____ Drawing Subaccount" (inserting therein the month and year of such Drawing). On the date of each Drawing under the Single Family Bonds, the Trustee shall transfer all or any portion of the principal amount of such Drawing from the Single Family Bond Account at the written direction of the Agency to the appropriate Prior Trustees for the refunding of a like principal amount of the Prior Bonds against receipt by the Trustee of an equal amount of Transferred Proceeds from such Prior Trustee. The Trustee shall deposit all Transferred Proceeds received from the Prior Trustees in the Single Family Bond Account. Notwithstanding the foregoing, upon the order of the Agency proceeds of the Bonds may be deposited into the Bond Escrow Fund and remain therein without transfer or exchange.

(b) All proceeds of the Bonds and Transferred Proceeds shall be held in the Bond Escrow Fund and invested as provided in Section 4.05 hereof. Amounts on deposit in the Bond Escrow Fund will be held exclusively for the Bondholders and paid over in accordance with the provisions of this Indenture. All investment earnings (net of losses) on amounts credited to the Bond Escrow Fund on each Interest Payment Date shall be used immediately upon receipt (i) first, to pay interest on the Bonds on such Interest Payment Date and (ii) second, to make a deposit to the Rebate Fund of all such earnings remaining after payment of interest on the Bonds on such Interest Payment Date.

(c) In the event Bonds are redeemed with proceeds of refunding obligations of the Agency, on the date of issuance of such refunding bonds, the amounts on deposit in the accounts in the Bond Escrow Fund allocable to the Bonds being redeemed shall be transferred to the trustee for the refunding obligations upon receipt from such trustee of an amount sufficient to pay the principal amount of the Bonds being redeemed on the redemption date.

(d) In the event that the Bonds are not redeemed in their entirety prior to maturity, the amounts on deposit in the Bond Escrow Fund shall be applied by the Trustee to the retirement of the Bonds in full on the Maturity Date. All investment earnings (net of losses) on amounts credited to the Bond Escrow Fund on the Maturity Date of the Bonds shall be used immediately upon receipt (i) first, to pay interest on the Bonds on the Maturity Date and (ii) second, to make a deposit to the Rebate Fund of all such earnings remaining after payment of interest on the Bonds on the Maturity Date.

Section 4.03. Cost of Issuance Fund. Moneys deposited by the Agency, from time to time, in the Cost of Issuance Fund shall be used to pay the costs of issuing the Bonds including all fees and expenses of Bond Counsel, Agency's counsel, financial advisors and other consultants, the Trustee Fees and expenses and the expenses and fees associated with each Drawing.

Any funds remaining in the Cost of Issuance Fund, including interest earnings thereon, as of the earlier of the Maturity Date or the date of redemption of all of the Bonds shall be transferred to the Agency.

Section 4.04. Rebate Fund. The Trustee shall make transfers to and withdrawals from the Rebate Fund as provided in Section 4.05 hereof and pursuant to written instructions delivered by the Agency in accordance with the Tax Certificate. Transfers shall be made from such Funds as the Agency shall designate in its written instructions. Investment earnings on moneys in the Rebate Fund shall be deposited into such Fund. Losses on the investment of moneys in the Rebate Fund shall be debited to such Fund. Moneys in the Rebate Fund shall be paid to the United States of America (and to the extent permitted by the Code, used to pay rebate calculation expenses) as directed by the Agency, pursuant to the Tax Certificate, in compliance with the timetable set forth in Section 148(f)(3) of the Code and the Tax Certificate. The Agency shall pay, out of its own funds, any costs of the annual calculation of amounts to be paid to the United States of America. The Trustee shall be deemed conclusively to have complied with this section if it follows the written instructions of the Agency, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Agency with the covenants of this Section 4.04 or the Tax Certificate.

Section 4.05. Investment of Moneys in Funds. Amounts on deposit in the Bond Escrow Fund shall be invested by the Trustee to the full extent permitted and provided by the terms of the Investment Agreement. In the event that it becomes necessary for the Trustee, at the written direction or with the written approval of the Agency and the Initial Owner, to invest such amounts in another investment, such amounts, to the maximum extent possible, shall be invested in Governmental Obligations or other Investment Obligations maturing (or redeemable by the Trustee at a price no less than their purchase price plus accrued interest) on the immediately succeeding Interest Payment Date. When purchasing Governmental Obligations constituting book-entry obligations issued by the United States of America, the Trustee, shall: (1) effect such transaction in accordance with applicable federal regulations and the UCC, directly with the Federal Reserve Bank ("FRB") or through a depository institution which is a "Participant" as defined in 31 C.F.R. Section 357.2; (2) if effected directly with the FRB, cause such obligations to be credited to the Trustee's Securities Account at the FRB; (3) if effected through such a depository institution, cause such depository institution (A) to have credited to such institution's Securities Account at the FRB such book-entry obligations, (B) to confirm to the Trustee the crediting thereof and (C) by book-entry to credit such book-entry obligations to the Trustee's Securities Account at such depository institution; and (4) by book-entry identify such obligations as being pledged and delivered to the Trustee in accordance with this Indenture.

The Agency may at any time give to the Trustee written directions respecting the investment of any moneys in the Cost of Issuance Fund or the Rebate Fund or otherwise required to be invested by the Trustee hereunder, subject, however, to the provisions of this Article, and the Trustee shall then invest such moneys in Permitted Investments as so directed by the Agency; provided, that absent such written directions the Trustee shall invest such moneys in the First American Treasury Fund Class D or any successor to such fund which is described in clause (vi) of the definition of Investment Obligations. The Trustee shall not be responsible for determining if any such directed investments are legal investments under the laws of the State, nor shall the Trustee be responsible or liable for any loss suffered in connection with any investment of funds

made by it in accordance with this Indenture, nor shall it be responsible for paying interest on any funds held by it hereunder for which it has received no investment instructions.

Subject to requirements of the Rebate Fund set forth in Section 4.04 of this Indenture, all such investments shall at all times be attributable to the fund from whence the money used to acquire such investments shall have come, and all income and profits on such investments shall be first used to offset any investment losses (including losses resulting from the sale of investments) in such fund. The Trustee shall sell at the best price reasonably obtainable under the circumstances and reduce to cash a sufficient amount of such investments in the respective fund whenever the cash balance therein is insufficient to pay the amounts then required to be paid therefrom. The Trustee shall not be liable or responsible for any loss resulting from any such investment.

In computing the amount in any fund created under the provisions of this Indenture for any purpose provided herein, obligations purchased as an investment of moneys therein shall initially be valued at the market value thereof with any premium or discount amortized over the period of time remaining until the maturity of such obligations, exclusive of accrued interest other than accrued interest paid in connection with the purchase of any such obligations and not yet recovered. All subsequent valuations shall be performed on the same basis as the initial valuation. Any profit realized from the liquidation of such investments shall be credited to such fund and any loss resulting from the liquidation of such investments shall be charged to the respective fund.

Investments may be purchased by the Trustee through its own investment division or affiliate and Investment Obligations described in clause (vi) of the definition thereof may include funds to which the Trustee or any of its affiliates provides services as an investment advisor or custodian.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Agency periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE V

PARTICULAR COVENANTS

Section 5.01. Punctual Payment. The Agency shall punctually pay, or cause to be paid, the principal amount of the Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to their maturity, the amount to be paid shall be the redemption price of such Bonds and all unpaid interest thereon to the redemption date, in strict conformity with the terms of such Bonds and of this Indenture, according to the true intent and meaning thereof but only out of the Trust Estate as provided in this Indenture.

Section 5.02. Extension of Payment of Bonds. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Agency to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 5.03. No Other Encumbrances. The Agency shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Trust Estate while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture.

Section 5.04. Power to Issue Bonds and Make Pledge and Assignment. The Agency is duly authorized pursuant to the Constitution and laws of the State, including the Act, to issue the Bonds and to enter into this Indenture and to pledge and assign the Trust Estate, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be legal, valid and binding limited obligations of the Agency in accordance with their terms, and the Agency and Trustee shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of the Trust Estate and all the rights of the Owners under this Indenture against all claims and demands of all Persons whatsoever.

Section 5.05. Payment of Taxes and Claims. The Agency or the Trustee (upon the written direction of the Agency) shall, from time to time but solely from funds available therefor under this Indenture, if any, duly pay and discharge, or cause to be paid and discharged, any property taxes, assessments or other governmental charges that may be lawfully imposed upon the Trust Estate when the same shall become due, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon the Trust Estate or which might impair the security of such Bond.

Section 5.06. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds and all Funds established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Agency and by the Owners of at least 10% of the aggregate principal amount of all Bonds then Outstanding, or by the agents or representatives thereof duly authorized in writing, at reasonable hours and under reasonable circumstances.

Section 5.07. Maintenance of Powers. So long as any Bonds remain Outstanding, the Agency shall preserve its existence as a public entity and agency, and will not be dissolved or lose its right to exist as such or lose any rights necessary to enable it to function. The Agency shall at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or

permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the observance of any of the covenants herein contained.

Section 5.08. Tax Covenants. The Agency shall not use or permit the use of any proceeds of Bonds or any other funds of the Agency, directly or indirectly, to acquire any securities or obligations, in any manner, and shall not take or permit to be taken or fail to take any other action or actions, which would cause the interest on any Bond to be included in federal gross income under Section 103 of the Code. The Agency will to that end comply with the Tax Certificate.

Section 5.09. Compliance with Indenture, Contracts, Laws and Regulations. The Agency shall faithfully observe and perform all the covenants, conditions and requirements of this Indenture as required of the Agency, and the Agency shall not issue any Bonds in any manner other than in accordance with this Indenture, and shall not suffer or permit any default to occur hereunder or do or permit to be done anything that might in any way weaken, diminish or impair the security intended to be given pursuant to this Indenture. Subject to the limitations and consistent with the covenants, conditions and requirements contained in this Indenture, the Agency shall comply with the terms, covenants and provisions, express or implied, of all contracts concerning or affecting the application of proceeds of the Bonds or the Trust Estate. The Agency shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or hereafter enacted, adopted, prescribed, imposed or entered by any competent governmental authority or agency applicable to or affecting the Bonds or the Trust Estate. The Trustee shall, as provided herein, observe and perform all of the express provisions of this Indenture required of the Trustee.

Section 5.10. Waiver of Laws. The Agency shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension provision of law now or at any time hereafter in force that may adversely affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Agency to the extent permitted by law.

Section 5.11. Further Assurances. The Agency will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 6.01. Events of Default. The following events shall be considered Events of Default with respect to the Bonds:

(A) default in the due and punctual payment of the principal amount or redemption price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption, by declaration or otherwise;

(B) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; or

(C) default by the Agency in observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds (other than in clauses (A) or (B) above), if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Agency by the Trustee, or to the Agency and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding.

Section 6.02. Acceleration of Maturity. If an Event of Default under Section 6.01(A) or (B) shall occur with respect to the Bonds, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall, or if an Event of Default under Section 6.01(C) shall occur with respect to the Bonds, the Trustee shall, upon the written direction of the Owners of not less than 100% in aggregate principal amount of the Bonds, upon notice in writing to the Agency, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit, or cause to be deposited, with the Trustee a sum sufficient to pay the principal amount or redemption price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal amount or redemption price of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all the Bonds rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 6.03. Application of Revenues and Other Funds After Default. If an Event of Default described in Section 6.01(A) or (B) with respect to the Bonds shall occur and be continuing, all amounts then held or thereafter received by the Trustee under any of the provisions of this Indenture (exclusive of any Rebate Amount and subject to Section 10.10) shall

be applied by the Trustee, at the direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as follows and in the following order of priority:

(A) Notwithstanding any other provision of the Indenture limiting the Trustee's fees, to the payment of any expenses necessary in the sole subjective opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel and of the Agency), incurred in and about the performance of its powers and duties under this Indenture;

(B) To the payment of the principal amount or redemption price of and interest then due on the Bonds (upon presentation and surrender of the Bonds to be paid) subject to the provisions of this Indenture (including Section 6.02), unless the principal amount and redemption price of all the Bonds shall have become or have been declared due and payable, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal amount or redemption price of the Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the principal amount or redemption price due on such date to the Persons entitled thereto, without any discrimination or preference.

(C) If the principal amount or redemption price of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest to the Persons entitled thereto without any discrimination or preference.

The payment of amounts required to be made to the United States in accordance with Sections 4.04 and 5.08 shall continue even if an Event of Default shall have occurred and be continuing.

Section 6.04. Trustee to Represent Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of

the Bonds, this Indenture, the Act and applicable provisions of any other law. Upon the occurrence and continuance of any Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate suit, action, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Indenture, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right to the appointment of a receiver of the Revenues and other assets pledged to receive the Bonds under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of such Bonds or the production thereof in any proceedings relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of Bonds subject to the provisions of this Indenture.

Section 6.05. Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder with respect to the Bonds, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of counsel rendered to the Trustee would be unjustly prejudicial to Owners of Bonds not parties to such direction.

Section 6.06. Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Act or any other applicable law with respect to such Bond, unless (A) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (B) the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (C) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (D) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce

any right under this Indenture, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 6.07. Absolute Obligation of Agency. Nothing in this Indenture, or in the Bonds, contained shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay interest on and the principal amount or redemption price of the Bonds to the respective Owners of the Bonds when due on each Interest Payment Date and at their dates of maturity, or upon call for redemption, as herein provided, but only out of the Trust Estate, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds, including the right to enforce such payment by suit or other proceeding.

Section 6.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners of Bonds on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Owners, then in every such case the Agency, the Trustee and such Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Agency, the Trustee and such Owners shall continue as though no such proceedings had been taken.

Section 6.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 6.10. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default with respect to such Bonds shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VII

THE TRUSTEE

Section 7.01. Duties, Immunities and Liabilities of Trustee.

(A) The Trustee shall, prior to an Event of Default with respect to the Bonds, and after the curing or waiver of any such Event of Default which may have occurred, perform such duties and only such duties as are specifically and expressly set forth in this Indenture, and no implied covenants, duties or obligations whatsoever shall be read into this Indenture or any other agreement relating hereto against the Trustee. The Trustee shall, during the existence of

any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a corporate trustee would exercise or use under similar circumstances.

The Agency agrees, to the extent permitted by law and solely to the extent of amounts available to the Agency under the Indenture, to indemnify and save the Trustee and its officers, directors, employees, attorneys and agents for, and to hold it harmless from and against, any losses, liabilities or expenses incurred arising out of or in connection with (i) the acceptance or administration of the trusts imposed by this Indenture, including performance of its duties hereunder, including the costs and expenses of defending itself against any claims or liability in connection with the exercise or performance of any of its powers or duties hereunder and the carrying out of any of the transactions contemplated by this Indenture; (ii) any breach or default on the part of the Agency in the performance of any of its obligations under this Indenture and any other agreement made and entered into in connection with this Indenture; (iii) any act of negligence of the Agency or any of its agents, contractors, servants, employees or licensees with respect to the transactions contemplated by this Indenture; (iv) the exercise and performance by the Trustee of their powers and duties hereunder or any related documents; (v) any untrue statement of any material fact or omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document or any other document utilized by the Agency or under its Agency in connection with the sale of the Bonds; or (vi) any liability imposed against Trustee by any statute, code, order, decree, rule, decision or other law with respect to the natural environment arising out of the transactions contemplated by this Indenture. The Agency's obligations hereunder with respect to indemnity of the Trustee and the provision for its compensation set forth in this Article shall survive and remain valid and binding notwithstanding the maturity and payment of the Bonds or the resignation, or removal of the Trustee.

(B) The Agency may remove the Trustee at any time upon thirty (30) days' written notice unless an Event of Default shall have occurred and then be continuing. The Agency shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (E) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation: in each case by giving written notice of such removal to the Trustee and the Agency shall appoint a successor Trustee by an instrument in writing.

(C) The Trustee may at any time resign by giving written notice of such resignation to the Agency sent by first-class mail, but such resignation shall not be effective until the successor Trustee shall have been appointed and has accepted such appointment as herein provided. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing.

(D) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Promptly upon such acceptance, the Agency shall give written notice thereof to the Owners. If no successor Trustee shall have been appointed and have accepted appointment within 30 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the request of the Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations.

(E) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, national banking association or bank having the powers of a trust company and having either trust assets of at least \$500,000,000 or a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the successor Trustee shall cease to be eligible in accordance with the provisions of this subsection (E), such Trustee shall resign immediately in the manner and with the effect specified in this Section.

(F) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all its corporate trust business, provided such company shall be eligible under subsection (E) of this Section, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

(G) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties hereunder or

in the exercise of any of its rights or powers unless the Owners have offered to the Trustee security and indemnity, which the Trustee in its sole subjective discretion deems adequate, for such costs, expenses and liabilities that the Trustee may incur. The Trustee shall be entitled to interest on all amounts advanced by it hereunder in its discretion at the rate of prime plus one percent.

(H) The Trustee shall not be required to take notice or be deemed to have taken notice hereunder of any event which would constitute an Event of Default or an Event of Default hereunder or under the Bond Purchase Agreement, except as required under Sections 6.01(A) and (B) hereof or by actual notice of such event or Event of Default unless the Trustee shall be specifically notified in writing by the Agency or by the Owners of not less than 25% of the principal amount of the Bonds.

Section 7.02. Compensation. The Agency shall cause the Trustee to be paid reasonable compensation for all services rendered under this Indenture together with all reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of its attorneys, agents and employees, incurred in good faith in and about the performance of its powers and duties under this Indenture, which fees and expenses shall not exceed, except as provided in Section 6.03(A) hereof, the amount provided for as Costs of Issuance..

Section 7.03. Liability of Trustee. In accepting the trust hereby created, the Trustee acts solely as trustee for the Owners and not in its individual capacity and the recitals of facts herein and in the Bonds contained shall be taken as statements of the Agency, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture, any other agreement relating hereto or the Bonds or in respect of the security afforded by this Indenture for the Bonds, and shall incur no responsibility or liability whatsoever in respect thereof or with respect to the issuance of Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Agency, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee may become the owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners or Holders, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the bonds.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

Section 7.04. Right of Trustee to Rely on Documents. The Trustee shall be absolutely protected in acting upon any notice, resolution, request, requisition, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with its counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Agency, and such Certificate shall be full warranty to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as the Trustee deems reasonable, but no duty of the Trustee shall arise hereunder as a result of such inquiry.

Section 7.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture with respect to the Bonds shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Agency and the Owners of at least 10% of the aggregate principal amount of the Bonds then Outstanding or by agents or representations thereof duly authorized, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

The Trustee shall not be under any obligation or duty to perform any act which would in its sole subjective opinion involve it in any expense or liability or to institute or defend any suit in respect of the Bonds, or to advance any of its own moneys, unless indemnified to its sole subjective satisfaction against the costs, expenses and liabilities which may be incurred thereby. The Trustee shall not be personally liable with respect to (i) an error of judgment made in good faith by a responsible officer of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, or (ii) any action taken, suffered or omitted to be taken by it in good faith, in accordance with the directions of Owners of not less than 25% in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture. The immunities, exemptions and

indemnifications from liability of the Trustee under this Indenture shall extend to its directors, officers, employees and agents. Whenever this Indenture provides that the Trustee shall take any action, including the giving of any notice, or refrain from taking any action upon the happening or continuation of a specified event or upon the fulfillment of any condition or upon the request of the Owners, the Trustee shall have no liability for failure to take such action or for failure to refrain from taking such action, unless and until the responsible officer of the Trustee at the Trustee's designated corporate trust office has actual knowledge of such event or continuation thereof or the fulfillment of such condition or shall have received such request. Responsible officer means, in the case of the Trustee, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the Chair of the Board, the Secretary, the Treasurer, any Trust Officer, any Executive or Senior Vice Chair of the Board or any Vice Chair of the Board or other officer in the Corporate Trust Department of the Trustee.

Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or Event of Default hereunder or thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to any mortgage or this Indenture or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

Section 7.06. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in this Indenture.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 8.01. Amendments Permitted.

(A) This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds and of the Trustee may be modified or amended at any time by a Supplemental Indenture which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (I) extend the stated maturity of any Bond, or reduce the amount or principal thereof, or reduce the rate of interest thereon, or extend the time of payment of interest thereof without the consent of the Owner of such Bond, or (II) without the consent of the Owners of all the Bonds then Outstanding (1) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (2) permit the creation of any lien on the Trust Estate prior to the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture upon the Trust Estate (except as expressly provided in this Indenture). It shall not be

necessary for the consent of the Owners of the Bonds to approve the particular form of any Supplemental Indenture; it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Agency and the Trustee of any Supplemental Indenture pursuant to this Subsection (A), the Trustee shall mail a notice to each Owner setting forth in general terms the substance of such Supplemental Indenture. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of such Supplemental Indenture.

(B) This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, which shall become effective upon execution (or such later date as may be specified in such Supplemental Indenture) by the Agency and the Trustee, without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Agency in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power herein reserved to or conferred upon the Agency;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to any matter or question arising under or in any matters relating to this Indenture, as the Agency may deem necessary or desirable, and which shall not materially adversely affect the interests of the Owners;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(4) to modify, amend or supplement this Indenture in such manner as in the opinion of Bond Counsel shall be necessary to preserve the exclusion of interest on any Bond from federal gross income and which shall not materially adversely affect the interests of the Owner of any Bond; or

(5) to maintain a rating on the Bonds from a Rating Agency or obtain an investment rating on the Bonds from a national rating agency.

(C) In connection with the execution and delivery of a Supplemental Indenture, the Trustee shall receive an opinion of Bond Counsel to the effect that the Supplemental Indenture is authorized under the Act and by proper action of the Agency and that execution and delivery of the Supplemental Indenture will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes.

(D) Notwithstanding anything in this Section 8.01 to the contrary, the Agency and the Trustee shall not enter into any indenture or indentures supplemental to this Indenture without the prior written consent of the Initial Owner.

Section 8.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Agency, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 8.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the designated corporate trust office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Agency or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Agency and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Agency and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the designated corporate trust office of the Trustee, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts of the same maturity.

Section 8.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX

DEFEASANCE

Section 9.01. Discharge of Indenture. If the Agency shall pay and discharge the entire indebtedness on all Outstanding Bonds in any one or more of the following ways:

- (A) by paying or causing to be paid the principal amount or redemption price of and interest on the Bonds Outstanding, as and when the same become due and payable;
- (B) by depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.03) to pay or redeem all Outstanding Bonds; or
- (C) by delivering to the Trustee, for cancellation by it, all of the Outstanding Bonds;

and if the Agency shall also pay or cause to, be paid all other sums payable hereunder by the Agency (including Trustee fees) with respect to the Bonds, then and in that case, at the election of the Agency (evidenced by a Certificate of the Agency, filed with the Trustee, signifying the intention of the Agency to discharge all such indebtedness), and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Agency under this Indenture with respect to the Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon request of the Agency, the Trustee shall (i) cause an accounting for such period or periods with respect to the Bonds as shall be requested by the Agency to be prepared and filed with the Agency, and (ii) execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge and satisfaction of the Bonds. The discharge of the obligations of the Agency under this Indenture with respect to the Bonds shall be without prejudice to the rights of the Trustee to charge for and be reimbursed by the Agency for any expenditures which it may thereafter incur in connection with such discharge.

Section 9.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.03) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Agency in respect of such Bond shall cease, terminate and be completely discharged, and the Owner thereof shall thereafter be entitled only to payment from such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 9.04.

The Agency may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered which the Agency may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 9.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the Funds established pursuant to this Indenture (exclusive of the Rebate Fund and the Cost of Issuance Fund) and shall be:

(A) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(B) Governmental Obligations which are not redeemable in advance of their maturity at the option of the issuer thereof or any other Person (other than the holder thereof) the principal of and interest on which when due will provide money sufficient to pay the principal amount or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal amount or redemption price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided further that, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by request of the Agency) to apply such money to the payment of such principal amount or redemption price and interest with respect to such Bonds; provided further that in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by request of the Agency) to apply such money to the payment of such principal amount or redemption price and interest with respect to such Bonds; provided further that any such advance deposit shall be accompanied by a report of certified public accountant verifying the mathematical computations of the adequacy of the maturing principal and interest on the escrowed securities and uninvested cash in the escrow account to pay, when due, the principal and interest on the Bonds.

Section 9.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal amount or redemption price of, or interest on, any Bonds and remaining unclaimed for two years after such payment has become due and payable shall, upon request of the Agency and subject to the unclaimed property laws of the State, be repaid to the Agency free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease.

ARTICLE X

MISCELLANEOUS

Section 10.01. Liability of Agency Limited to Trust Estate. Notwithstanding anything in this Indenture or in the Bonds to the contrary, the Agency shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes in this Indenture mentioned, whether for the payment of the principal amount or redemption price of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Agency may, but shall not be required to, advance for any of the purposes hereof any funds of the Agency which may be made available to it for such purposes.

Section 10.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.03. Limitation of Rights to Parties and Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Agency, the Trustee, the Initial Owner and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Agency, the Trustee, the Initial Owner and the Owners of the Bonds.

Section 10.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 10.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Agency of any Bonds, the Trustee may, in lieu of such cancellation and delivery, cancel such Bonds and dispose of such cancelled Bonds in a manner deemed appropriate by the Trustee.

Section 10.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Agency hereby declares that it would have entered into this Indenture and each and every section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereon irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 10.07. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by facsimile with automatic answer-back capability, addressed to the appropriate Notice Address. The Agency and the Trustee may, by notice given hereunder designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.08. Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners of the Bonds may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners of the Bonds in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Agency if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and of every Bond issued upon transfer thereof, in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Agency in accordance therewith or reliance thereon.

Section 10.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Agency, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Agency or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if, the pledge shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Agency or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 10.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal amount or redemption price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto without liability for interest, subject, however, to the provisions of Section 9.04.

Section 10.11. Funds and Accounts. Any Fund or Account required by this Indenture to be established and maintained by the Trustee with respect to the Bonds may be established and maintained in the accounting records of the Trustee as a Fund or Account and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated as such a Fund or Account; but all such records with respect to all such Funds and Accounts shall at all times be maintained in accordance with generally accepted corporate trust practice, and with due regard for the requirements of Section 5.06 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 10.12. Waiver of Personal Liability. No officer, agent or employee of the Agency or the Trustee shall be individually or personally liable for the payment of the principal amount or redemption price of or interest on the specific Bonds or for the performance of any obligation of the Agency or the Trustee or the satisfaction of any conditions hereunder; but

nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

Section 10.13. Execution in Several Counterparts. The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 10.14. Payments Other Than on a Business Day. Any payments required to be made or any other action required to be taken pursuant to this Indenture which are otherwise required to be taken on a day which is not a Business Day, shall be made or taken on the next succeeding day which is a Business Day.

IN WITNESS WHEREOF, California Housing Finance Agency has caused this Indenture to be signed in its name by the undersigned officer and the Trustee in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its duly authorized officer, as of the day and year first above written.

CALIFORNIA HOUSING FINANCE AGENCY

By: _____
Director of Financing

[NAME OF TRUSTEE], as Trustee

By: _____
Authorized Officer

EXHIBIT A

[FORM OF BOND]

NUMBER: R-

\$ _____

CALIFORNIA HOUSING FINANCE AGENCY
[SINGLE FAMILY][MULTIFAMILY] MORTGAGE REVENUE BOND,
DRAW DOWN SERIES 2002

DATED DATE:

MATURITY DATE:

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

California Housing Finance Agency (the "Agency"), a public instrumentality and political subdivision of the State of California (the "State"), created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (constituting Division 31 of the Health and Safety Code of the State of California), as amended (as more particularly described in the hereinafter mentioned Indenture, the "Act"), for value received, promises to pay (but only out of the revenues and other assets pledged therefor) to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above (subject to any right of prior redemption as set forth in the Trust Indenture, dated as of January 1, 2002 (the "Indenture"), by and between the Agency and [NAME OF TRUSTEE], as trustee (the "Trustee")), such portion of the Principal Amount specified above as shall have been advanced to the Agency as reflected by the Schedule of Draws noted on Schedule A hereto (and as confirmed by the Trustee on the Schedule of Draws maintained by the Trustee) and to pay solely from said revenues and assets, interest on said portion from the date hereof at the Initial Interest Rate per annum specified in the Indenture, from the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an Interest Payment Date, in which case it shall bear interest from said Interest Payment Date; or unless this Bond is registered and authenticated before March 1, 2002, in which event this Bond shall bear interest from the date of the initial advance hereunder; or unless this Bond is registered and authenticated on a date which is after the applicable Record Date and before the next ensuing Interest Payment Date (as hereinafter defined), in which case it shall bear interest from such next ensuing Interest Payment Date; or unless, as shown by the records of the Trustee, interest on this Bond shall be in default, in which event this Bond shall bear interest from the date to which interest was last paid on this Bond, until the Agency's obligations with respect to payment of such Principal Amount shall be discharged, at the Interest Rate per annum for the Bonds calculated as described in the Indenture, payable on the first calendar day of each month commencing March 1, 2002 (each an "Interest Payment Date"), until such Principal Amount is duly paid, unless this Bond shall have been previously called for redemption and payment therefor shall have been duly made or provided.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY AND ARE PAYABLE SOLELY FROM, AND SECURED BY A PLEDGE OF, THE TRUST ESTATE. THE BONDS ARE NOT A LIEN OR CHARGE UPON THE FUNDS OR PROPERTY OF, OR A DEBT OR LIABILITY OF, THE AGENCY, EXCEPT TO THE EXTENT OF THE TRUST ESTATE AND OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LOS ANGELES, THE COUNTY OF ORANGE, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION THEREOF HAS BEEN PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS. THE AGENCY HAS NO TAXING POWER.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Agency or the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein. TRANSFER OF THIS BOND IS SUBJECT TO FURTHER RESTRICTIONS PURSUANT TO SECTION 2.07 OF THE INDENTURE.

This Bond shall bear interest from the date of the initial advance hereunder to but excluding March 1, 2002, at the rate per annum set forth in the Indenture. Subsequent to the initial Rate Period and prior to the Maturity Date set forth on the face hereof, this Bond shall bear interest during each succeeding Rate Period on [any portion of] the aggregate principal amount Outstanding [relating to a Drawing] at the rate determined by the Trustee on the related Rate Setting Date [to be equal to the Tax-exempt Interest Rate plus ____%; provided, however, that such interest rate shall not be less than 83% of the Taxable Interest Rate and shall not exceed the lesser of (i) 90% of the Taxable Interest Rate and (ii) the Maximum Rate (as defined in the Indenture)] [in accordance with the provisions of the Bond Purchase Agreement]. Interest shall accrue only on such principal amount as has been actually drawn by the Agency, as reflected on the Schedule of Drawings maintained by the Trustee, and not theretofore redeemed, as reflected by the Schedule of Redemptions maintained by the Trustee. Interest on the Bonds for each Rate Period shall be calculated on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed.

Principal hereof is payable to the Owner hereof or its transferees on presentation at the designated corporate trust office of the Trustee. Interest hereon is payable by wire transfer in immediately available funds to the person in whose name the Bonds are registered on the registration books of the Trustee on the Record Date with respect to each Interest Payment Date to the bank account number on file with the Trustee as of the Record Date. The principal of and interest on the Bonds are payable in lawful money of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

This Bond is one of a duly authorized issue of Bonds issued under, secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a

description of the rights, duties and obligations of the Agency, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds will be deemed to be paid, at or prior to the Maturity Date or redemption of the Bonds, upon the making of provision for the payment thereof in the manner set forth in the Indenture.

The Bonds are subject to optional redemption in whole or in part at the option of the Agency at any time but subject to the limitations specified in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued to, but excluding, such date of redemption.

If any or all of the Bonds are called for redemption, notice of such redemption shall be mailed, by first-class mail, postage prepaid, not less than seven (7) days nor more than thirty (30) days before the redemption date to the registered owners of any Bonds or portions thereof to be redeemed, but failure to so mail any such notice with respect to any Bond or any defect therein shall not affect the validity of the proceedings for the redemption of any other Bonds. Notice of redemption having been given as aforesaid, the Bonds or portions thereof so called for redemption shall become due and payable at the applicable redemption price herein provided, to the extent that moneys are deposited for that purpose on or prior to the redemption date and, from and after the date so fixed for redemption interest on the Bonds or portions thereof so called for redemption shall cease to accrue. If a portion of this Bond shall be called for redemption, a new Bond or Bonds in a principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof.

The registration of this Bond is transferable by the Owner hereof or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture.

The Agency and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of \$100,000 or any integral multiple of \$1,000 in excess thereof. The Trustee shall not be required to register the transfer of or exchange any Bond during the three days next preceding any date established by the Trustee for the selection of Bonds for redemption nor to register the transfer of or exchange any Bonds selected or called for redemption in whole or in part.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Agency and the

rights of the owners of the Bonds at any time by the Agency with consent of the owners of a majority in aggregate principal amount of the Bonds. Any such consent or waiver by the owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any Bond issued upon registration of the transfer of or exchange of this Bond, whether or not notation of such consent or waiver is made upon this Bond. The Indenture also contains provisions permitting the Trustee to waive certain past defaults under the Indenture and their consequences.

It is hereby certified, recited and declared that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Act, and by the Constitution and laws of the State of California, and that the principal amount of the Bonds, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Act, or by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been dated and signed by the Trustee.

IN WITNESS WHEREOF, the Agency has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the designee of its Chair and attested by the manual or facsimile signature of its Secretary.

CALIFORNIA HOUSING FINANCE
AGENCY

By: _____
Executive Director

Attest:

Secretary

Date of Authentication:

This Bond is one of the Bonds of the issue described in the Indenture described herein.

[NAME OF TRUSTEE], as Trustee

By: _____
Authorized Officer

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within Bond, and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Bond on the registration books of the Trustee with full power of substitution in the premises.

DATED: _____

Signature Guaranteed by:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

By: _____
Title: _____

SCHEDULE A

SCHEDULE OF DRAWS

<u>Date of Draw</u>	<u>Amount of Draw</u>	<u>Cumulative Outstanding Principal Amount</u>

SCHEDULE OF REDEMPTIONS

<u>Date of Redemption</u>	<u>Amount of Redemption</u>	<u>Cumulative Outstanding Principal Amount</u>

EXHIBIT B
FORM OF NOTICE
OF ADDITIONAL DRAWING UNDER THE BONDS

(To Be Printed on Agency Letterhead.)

_____, _____
[NAME OF TRUSTEE]

Merrill Lynch Portfolio Management Inc.

Orrick, Herrington & Sutcliffe LLP

Re: California Housing Finance Agency
[Single Family][Multifamily] Mortgage Revenue Bonds, Draw Down Series 2002

Pursuant to the provisions set forth in Section 2.02(d) of the Trust Indenture, dated as of January 1, 2002, between California Housing Finance Agency (the "Agency") and [NAME OF TRUSTEE], as trustee, the undersigned Authorized Officer of the Agency hereby directs that an additional Drawing on the Agency's behalf on the above-captioned Bond in the amount of \$ _____ on the day of _____, 20__ (the "Drawing Date") be made.

[Such Drawing is being made for the purpose of preserving allocations of volume cap allocated to the Agency by the State of California for the purpose of financing [single-family][multifamily] housing and the proceeds of this Drawing shall be deposited by the Trustee in the Bond Escrow Fund.]

[The proceeds of this Drawing shall be deposited in the Bond Escrow Fund and transferred to the trustee or trustees shown below for the refunding of a like principal amount of the Agency's Prior Bonds as follows:

<u>Trustee</u> <u>for Prior Bonds</u>	<u>Series</u> <u>Designation</u>	<u>Principal Amount</u> <u>to be Refunded</u>	<u>Refunding Date</u>
--	-------------------------------------	--	-----------------------

Following such transfer, the \$ _____ of proceeds received by the Trustee from the Prior Trustee(s) in exchange for such transfer shall be deposited into the Bond Escrow Fund.]

Such amount shall be invested by the Trustee as soon as practicable under the terms of the Investment Agreement.

The Agency heretofore has made Drawing(s) totaling \$_____ on the original stated principal amount of \$_____ of the [Single Family][Multifamily] Bonds. After the making of this Drawing, \$_____ will remain available for a future Drawing or Drawings under the [Single Family][Multifamily] Bonds.

As of the date hereof and the Drawing Date:

- (a) there exists no Event of Default (as defined in Section 6.01 of the Indenture) with respect to the Bond;
- (b) the representations and agreements of the Agency contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Drawing Date with the same effect as if made on the Drawing Date;
- (c) the Agency has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Bond Purchase Agreement at or prior to the Drawing Date; and
- (d) [INSERT TAX CERTIFICATIONS AND REPRESENTATIONS, AS APPROPRIATE].

Capitalized terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Indenture.

CALIFORNIA HOUSING FINANCE
AGENCY

By: _____
Authorized Officer